

BOARD OF MAYOR AND ALDERMEN

April 4, 2006

7:30 PM

Mayor Guinta called the meeting to order.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Long, Duval, Osborne, Pinard, O’Neil,
Lopez, Shea, DeVries, Garrity, Smith and Forest

Absent: Alderman Thibault

CONSENT AGENDA

Mayor Guinta advised if you desire to remove any of the following items from the Consent Agenda, please so indicate. If none of the items are to be removed, one motion only will be taken at the conclusion of the presentation.

Pole Petitions – Approve under the supervision of the Department of Highways

- A.** PSNH Pole Petition #11-1103 located on Somerville Street; and
PSNH Pole Petition #11-1105 located on Bodwell Road.

Informational – to be Received and Filed

- B.** Communication from the Baines Family expressing their gratitude to the Board for their recent expression of sympathy for the recent passing of Shirley Brulotte.
- D.** Communication from Susan Strickler, Director of the Currier Museum of Art, advising the Board of the construction schedule beginning in late June 2006.
- F.** Manchester Health Department Monthly Report Summary, March 2006.
- G.** Minutes of the Mayor’s Utility Coordinating Committee meeting held on March 15, 2006.
- H.** Minutes of the MTA Commission meeting held on March 1, 2006 and the Financial and Ridership Reports for the month of February 2006.
- I.** Communication from the NH Division of Historical Resources advising that Stark Park will soon be considered for nomination to the National Register of Historic Places.
- J.** Communication from the NH Department of Transportation advising of the acceptance of a construction contract with All Ways Wrecking of Bridgewater, NH to demolish 8 residential structures on Trolley Way and 4 residential structures along U.S. Route 3

REFERRALS TO COMMITTEES

COMMITTEE ON FINANCE

K. Appropriating Resolutions:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$52,321,042 from Special Airport Revenue Funds for Fiscal Year 2007.”

“A Resolution appropriating to the Parking Fund the sum of \$6,603,825 from Parking for the Fiscal Year 2007.”

“A Resolution appropriating the sum of \$2,968,193 from Recreation User Charges to the Recreation Division for Fiscal Year 2007.”

“A Resolution appropriating to the Manchester School District the sum of \$143,000,000 for the Fiscal Year 2007.”

“A Resolution appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,537,900 from School Food and Nutrition Services Revenues for Fiscal Year 2007.”

“A Resolution appropriating the sum of \$16,664,386 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2007.”

“A Resolution appropriating to the Manchester Transit Authority the sum of \$1,100,000 for the Fiscal Year 2007.”

“A Resolution appropriating to the Central Business Service District the sum of \$244,000 from Central Business Service District Funds for Fiscal Year 2007.”

“Continuation of the Central Business Service District.”

“Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in Fiscal Year 2007 and held in the Civic Center Fund, for the payment of the City’s Obligations in Said Fiscal Year Under the Financing Agreement.”

“Raising Monies and Making Appropriations for the Fiscal Year 2007.”

“Approving the Community Improvement Program for 2007, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.”

REPORTS OF COMMITTEES

COMMITTEE ON ACCOUNTS, ENROLLMENT AND REVENUE ADMINISTRATION

- M.** Advising that it has accepted the City’s Monthly Financial Statements (unaudited) for the eight months ended February 28, 2006 for FY2006.
(Aldermen Pinard, Smith DeVries and Long voted yea; Alderman Thibault was absent.)

- N.** Advising that it has accepted the following Finance Department reports:
- a) department legend;
 - b) open invoice report over 90 days by fund;
 - c) open invoice report all invoices for interdepartmental billings only;
 - d) open invoice report all invoices due from the School Department only;
 - e) listing of invoices submitted to City Solicitor for legal determination; and
 - f) account receivable summary
- (Note: available for viewing at the Office of the City Clerk and previously forwarded to the Mayor and Aldermen.)
(Aldermen Pinard, Smith DeVries and Long voted yea; Alderman Thibault was absent.)
- O.** Advising that it has accepted the draft report regarding various economic development projects.
(Aldermen Pinard, Smith DeVries and Long voted yea; Alderman Thibault was absent.)
- P.** Recommending that the 2nd quarter FY2006 write-off list for the accounts receivable module be approved.
(Aldermen Pinard, Smith DeVries and Long voted yea; Alderman Thibault was absent.)

COMMITTEE ON BILLS ON SECOND READING

- Q.** Recommending that an Ordinance:
“Amending Sections 33.024, 33.025 & 33.026 (Building and Facilities Maintenance Coordinator) of the Code of Ordinances of the City of Manchester.”
ought to pass as amended.
(Aldermen Lopez, Garrity, Pinard voted yea; Aldermen Duval and Gatsas were absent.)
- R.** Recommending that an Ordinance:
“Amending Section 70.55 Residential Permit Parking, of the Code of Ordinances of the City of Manchester by amending Section (D)(2) (b) Residential Parking Permit Zone #2, by adding Amherst Street and eliminating references to zoning boundaries.”
ought to pass as amended.
(Aldermen Lopez, Garrity, Pinard voted yea; Aldermen Duval and Gatsas were absent.)
- S.** Recommending that an Ordinance:
“Amending the Code of Ordinances of the City of Manchester by repealing Chapter 94: Noise Regulations in its entirety and inserting a new Chapter 94: Noise Regulations.”
ought to pass.
(Aldermen Lopez, Garrity, Pinard voted yea; Aldermen Duval and Gatsas were absent.)

COMMITTEE ON COMMUNITY IMPROVEMENT

- U.** Recommending that a request of the Police Department to replace a 1998 vehicle in need of a new engine and transmission with a Ford Ranger with a rear locking cover and slider to be utilized for booting of vehicles be approved in the amount of \$19,554.

The Committee notes that \$13,550 is available in the MER account and recommends the Board transfer \$6,004 from contingency to the MER account to cover the balance of funds required for this purchase and for such purpose a contingency transfer resolution has been submitted.

COMMITTEE ON LANDS AND BUILDINGS

- X.** Recommending that the Parks, Recreation and Cemetery Department be authorized to proceed with the acquisition of Bass Island property located on Second Street. The Committee notes that funding for the acquisition will consist of \$100,000 from SEPP (Supplemental Environmental Protection Program) and \$100,000 from a reimbursement from the NH Department of Transportation and that no funding from the city will be required.

The Committee additionally notes that it is not intended that the City absorb any costs relating to rehabilitation of the former Blacksmith Shop located on this property.
(Aldermen Smith, Roy and Long voted yea; Alderman Forest voted nay; Alderman Thibault was absent.)

COMMITTEE ON PUBLIC SAFETY AND TRAFFIC

- Z.** Advising that it has approved Ordinance:
“Amending Section 70.78 Basic Penalty to provide a specific penalty for parking in a driveway and for parking in front of a fire hydrant.”
providing for increased fines, and is recommending same be referred to the Committee on Bills on Second Reading for technical review.
(Unanimous vote)
- AA.** Recommending that a request from Michael Egan of B5ONE for the use of Arms Park for a Volkswagen and Audi Car Show event on Sunday, May 21, 2006 be granted and approved under the direct supervision of the City Clerk, Fire, Highway, Police, Traffic and Risk Departments.
(Unanimous vote)
- AB.** Recommending that 25 anti-graffiti signs be repainted and given to the Parks and Recreation Department for distribution in parks throughout the City. The Committee also requests that the Director of Parks and Recreation report back to the Committee in the future on the effectiveness of said signs.
(Unanimous vote)
- AC.** Advising that they have approved a request from the New Hampshire Fisher Cats to bag nineteen (19) meters on South Commercial Street from 9 AM until 2 PM on their educational days at the ballpark (April 18, May 4, May 18, July 5, August 9 and August 23) to allow buses from various schools, groups and organizations to park.
(Unanimous vote)

- AD.** Recommending that regulations governing standing, stopping, parking and operations of vehicles be adopted and put into effect when duly advertised and posted.
(Unanimous vote)

HAVING READ THE CONSENT AGENDA, ON MOTION OF ALDERMAN O'NEIL, DULY SECONDED BY ALDERMAN LONG, IT WAS VOTED THAT THE CONSENT AGENDA BE APPROVED.

- C.** Communication from Paul Borek, Economic Development Director, submitting a draft summary report of the status of various economic development projects.

Alderman Lopez stated I just want to make a comment that Paul Borek, our Economic Director, worked very hard in getting this report to us. It is a very long report and detailed report and I am sure that the Aldermen will review it. I did want to commend him for doing an outstanding job in giving us that report.

Alderman Lopez moved to receive and file. Alderman Roy duly seconded the motion.

Alderman Gatsas stated Mr. Borek I just want you to know that we will have you come before the full Finance Committee so that we can go over some of these and if there are some that are delinquent in here if you could circle them and bring those to the front end so that we can have conversations about them I would appreciate that.

Alderman DeVries stated if I could add to that list of requests I am just curious when he comes before the Committee if he would update whether the final financing for residents at Manchester Place actually took place in late March as indicated by the report. Maybe we can get that update?

Mayor Guinta called for a vote. There being none opposed, the motion carried.

- E.** Communication from Gerald Fleury, Executive Director, Manchester Employees Contributory Retirement System advising of increases in the City's percentage of salaries paid for the period beginning July 1, 2006, and further advising that the City's current outstanding amount due is \$1.4 million.

Alderman Shea stated I would like Mr. Fleury to come up and explain this please so we know something about it.

Mayor Guinta stated I would further note that it would probably be appropriate after his presentation to refer this to the Finance Committee during the budget process.

Alderman Shea stated what I would like is an explanation of the City's legal obligation and possible consequences to the fulfillment of this obligation as far as the City is concerned.

Gerald Fleury, Executive Director, Manchester Employees Contributory Retirement System, stated with me this evening is John Rich, Jr. who is with the McLane law firm, legal counsel for the system. I would like to start out by stating that the rationale for having notified the Board of Mayor and Aldermen was to create awareness. Generally speaking I believe as my letter says that information on the new rate would be forwarded to the City Finance Department however in this year because of a number of circumstances the rate increase is higher than usual and there remained an issue of a receivable which the retirement system has been carrying on its books. There may be matters of opinion on whether that receivable is actually a receivable or perhaps an accrued liability. The difficulty I have this evening is that the Board of Trustees has yet to really be able to discuss this in detail. That might be a surprise after the considerable amount of time that has passed but that only reinforced the reason why I wrote a letter to create awareness and to bring these issues to the forefront. The Board of Trustees is scheduled to meet next Tuesday, their regularly scheduled session, and these items will be on the Board of Trustee's agenda at that time.

Alderman Shea stated my concern is that if there are legal obligations on the part of the City, how long is this particular situation going to exist before there might be some kind of legal action taken against the City. Do you have any comments?

Mr. Fleury responded I think it might be inappropriate for me to speak on behalf of the Board as to an action they may or may not take until they have had the opportunity to meet in full session to discuss this. It would certainly be my desire that there be meaningful dialogue and progress in whatever venue possible. I think it behooves everybody to get this situation resolved as soon as possible but I would not feel comfortable speaking on behalf of the Board as to what they may or may not do.

Alderman Shea replied is there some compromise possible on the part of the Board of Trustees to kind of accommodate the City if the City has a budgetary problem in terms of how they can fulfill the entire amount. Is there some way or could that be negotiated at Tuesday's meeting? That is a comment and I will leave it at that.

Alderman Lopez stated at the Board of Trustees meeting could you tell me whether or not a decision will be made.

Mr. Fleury responded a decision will certainly be sought. At the last Board of Trustee's meeting, the trustees did move to accept the findings of the most recent valuation and that determined the contribution rate required by the City and under separate cover I did make that information available.

Alderman Lopez asked, Mr. Clougherty, I understand in reference to this letter the Manchester Water Works and Manchester Airport have paid their fair share. Why isn't the City obligated to pay?

Kevin Clougherty, Finance Officer, stated there is a question of timing on this. What you are doing is looking at what the City is required to pay based on an actuarial value. Usually that is based on a 12-month basis. The 04 was really longer than that. It is a situation where it has taken awhile to pull together all of the information because you are comparing different fiscal years. The retirement system is on a calendar year and the City is on a fiscal year and taking a look at the change in actuarial applications. I think once it is explained as Gerry said to the trustees on Tuesday there will be an opportunity for the trustees to perhaps take some action. Up until this point it hasn't been available for them other than some general discussion.

Alderman Lopez stated I can tell you that I am very disappointed that we are just finding out that we have the possibility of \$1.4 million obligation. I think the Mayor is absolutely correct that we should send this to the Finance Committee but I surely would ask that Kevin Buckley investigate this and report to the Finance Committee his findings. I think he is the only one we can rely on since he is the auditor. Is that okay your Honor? I know your recommendation is to send it to the Finance Committee but I think in addition to that Kevin Buckley should be looking at this and report to the Finance Committee his particular findings so that we get a true evaluation here.

Mayor Guinta responded I guess I would ask the Solicitor first if that is appropriate. It sounds like Mr. Clougherty wants to say something also.

Thomas Arnold, Deputy Solicitor, stated I would let Mr. Clougherty comment first.

Mr. Clougherty stated certainly Kevin can look at that but I will remind the Board that the external auditors, Scott Basset and McGladrey have looked at this over the last couple of years and it is their opinion that it is not a receivable. So as Gerry said there is some question of interpretation here and you have to get all of these numbers on a page so the trustees can look at it. I think they will make a good decision here.

Alderman Lopez stated I think we have a great auditor in Kevin Buckley who has proven beyond a shadow of a doubt to this Board of the findings that he does in other departments. I think his findings would help the Board in making a true evaluation.

Mayor Guinta stated I have no objection to that.

Alderman DeVries stated Mr. Fleury maybe you can...well first I want to make sure that I understand this correctly. There are state statutes and possibly federal laws that oversee the

retirement system and because of those laws there are requirements on the City to pay their portion of the cost of or the obligation for future retirees and that is where this \$1.4 million receivable or accrued liability comes from? This is the obligation for the City's portion of the funding. Do you agree?

Mr. Fleury responded yes. I think the statute is very brief. It is a single sentence that reads something to the effect that the City shall appropriate the amount requested by the Board consistent with the report of the actuary. The amount that is owed, however, has a variable. That is where there can be some element of whether or not you want to refund an item such as COLA that is part of this valuation report here. Part of the responsibility of the Board is to look at all of those variables and determine if they believe that has been done in generally accepted accounting principles, that the actuary has done an adequate job at that and accept that. This is not a new item. We have been carrying this receivable for a couple of years and the discussion of having it audited has come up. The Retirement System has also been audited by outside independent auditors twice. We have carried that receivable in our comprehensive annual financial report for 2004 and the auditors did not, our auditors did not comment that carrying it as a receivable was not appropriate so it sounds like the City's auditors are finding in one direction and the Retirement System's independent auditors are finding in another direction or perhaps even a lack of opinion. Those are the things we would strive to reach reconciliation on next week.

Alderman DeVries asked so in addition to the variables you describe, which could be COLA's for already retired individuals in the system, which is a cost of living increase, there is an obligation to fund a certain percentage of payroll based on the obligations or the statutes that have passed through with the voters recently.

Mr. Fleury answered I think that is a correct statement. There is no single direct way for an employer to fund its obligation and until a few years ago the City was doing it in a lumpsum and at that time it was determined that there was quite a bit of variance between what was expected and what was actually happening. A remedy for that was to convert that methodology for having the City pay to express it as a percentage of payroll and that way at a lesser variance than what was expected and what was really happening.

Alderman DeVries asked so the non-variable amount, which was the COLA and I believe if I understood the Mayor's budget presentation he has chosen not to fund the COLA amount so that might be one of the variables but the other portions of the payroll that have already passed through the voters is an expressed amount that I would assume was presented to Finance or to the Mayor's Office as a receivable or however you wish to show it.

Mr. Fleury answered well the variables that are in the valuation for this year were provided to all of the trustees at their last Board meeting. The actuary came to deliver the results of the valuation. One of the things we sought to do was to have the valuation completed during

the month of March. There have been times in the past when that didn't happen and the City's budget was sent and then you found out what the rate was and the budget was already passed. So we agreed that there are ways that we might be able to accelerate this process even more and we are investigating those ways but at least at this point we come out with this rate before the end of March. There are a number of variables in there. Some of the things that we really have to pay attention to are we had some legislation that allowed individuals to upgrade some of their service residuals for service between 1974 and 1999. That was a rather large component of the rate. Employees took to that rather lucratively with probably a higher participation than anybody anticipated. Also the passage of referendum question #3 added 1.4% to the employer obligation. So those are kind of big bite items and again that was part of the reason why I thought it was a good idea to take this to the Board of Mayor and Aldermen so you would have some first hand knowledge of what the variables are in this packet.

Alderman DeVries asked prior to that Board of Trustee meeting in March the Mayor's Office or the Finance Department had no knowledge that they needed to build into the budget this information.

Mr. Fleury answered I think the fairest way to describe that situation is that there was an awareness that there were components that would affect it but there wasn't a really good idea of the magnitude of what those components should be. We went back and visited the health insurance component, for example, when we found out that actual utilization was less than the full amount and I spoke to that at one of your previous meetings. It wasn't until the close of 2005 that we were able to assess the magnitude of the service upgrade pursuant to Chapter 159 or Senate Bill 402 of 2004 that went into effect after we received our private letter ruling saying that the program was okay to proceed and we began collecting money.

Alderman DeVries asked, your Honor, when you presented your budget to us what number, if any, did you include of this \$1.4 million obligation.

Mayor Guinta answered the amount that I did talk about in my budget address that I chose not to fund was the COLA and again I think there has been some misunderstanding in the City. That is only the City Contributory Retirement. That is not COLA's for City employees. I got some questions about that. I think we are probably still in discussions about a few hundred thousand dollars worth of what we need to be funding forward. The trustees meeting next week is sort of the...I hope will be the culmination of what amount, if any, has to be added back in but at this point my feeling is that I have legally funded what we are obligated to fund at this point.

Alderman DeVries stated I guess I am looking for a specific answer to that. What actually did you fund in your budget? I understood that you didn't choose to fund the \$300,000 or

the variable COLA amount but what did you actually fund in your budget so when we look at the \$1.4 million we know as a Board the obligation?

Mayor Guinta responded I will have to get back to you on the actual number. I would have to look back at the budget to see what the COLA number was. It might have been around \$350,000.

Alderman DeVries asked maybe Finance can tell me what was built into that budget presentation and what was funded.

Mr. Clougherty answered just to clarify the City of Manchester makes payments to the retirement system each year based on an actuarial study that is done by an independent actuary. We have made our payment to the system every year. Now as Gerry mentioned prior to 2003-2004 the actuary based his study on the period January through December, the calendar year of the retirement system and the City would get that funding request in May and we would fund it in next year's budget. So for example you have a 2003 estimate and you fund it in FY2004. That is the way it had been done for a long time and the City always made its contribution. With the advent of a new actuary for the retirement system he was making some suggestions about what would be helpful for the system and he said instead of coming in with one number let's do it as a percentage of payroll and that is where Gerry mentioned that forecasting in a different time period rather than looking back he said let's do this forward and come up with an amount. That is basically 8.7% of payroll that we have been paying every year. I want the Board to know that you have been paying what the actuary said you should be paying every year. The problem is that when he did his forecast after you got your budget that first year and we got the number from the actuary of the 8.76%, which we budgeted and funded, several months later we got a bill that was included in the actuarial report that said you owe us for the six month period because prior we had been doing it on a calendar year basis and now we are doing it on a fiscal year basis. We are okay with them doing it on a fiscal year basis but we are not going to make up six months and \$1.4 million or \$1.2 million in one year. That is the issue. Is that part of the accrued liability? Can that be spread out over 15 or 20 years? Is that something that should be handled in a different posture? Now it hasn't been included in the actuary last year. We still paid 8.76%. I want everybody to know that the Board of Aldermen had been making the appropriations based on the actuarial report and there was no mention of the \$1.4 million in either of those reports and just so you understand our City's pension system is about 80% actuarial funded. If you take a look at the retirement system for the State of NH it is 72% funded. I think Rhode Island is 59% funded. The only one in New England that I think is close to 90% is maybe Vermont. The rest are all lower than Manchester so Manchester and the Board of Aldermen have made their contributions based on the actuarial reports. It is that six month period because of the way he did his methodology that he is raising some questions about how that should be funded and that is what has to be discussed. Should it be one lumpsum - \$1.4 million that you pay? Well I don't think so and our auditors don't think

so because you always here from them that we pay for 12 months and that is what we have done. If you take a look at...that is why I said if it is referred to Finance we can show you these charts because there are a lot of numbers but it shows what the actuary came in with and what was paid. This is the first year that the actuarial report talks about a payment for that time period and it talks about it in terms of a percentage, not in terms of a dollar amount to my recollection. So I think those are the things we want to talk to the trustees about so that they understand that the City has been making and honoring its obligation to the fund. We understand that there may be some issue with respect to this six month gap because the actuary took a different time table and how that can be treated I think there is some flexibility and that is what I think we need to have the trustees take a look at.

Alderman DeVries replied I hear what you are telling me but as a direct answer I didn't hear that. Of the \$1.4 million how much of that...

Mr. Clougherty interjected it is not in the Mayor's budget. It is my recollection that it is not in the Mayor's budget and the COLA isn't funded in the Mayor's budget.

Alderman DeVries asked so if your ongoing discussions with the Contributory Retirement System proves not to land on your side, on the City side, potentially there is a \$1.4 million shortfall that we would have to make up in this budget

Mr. Clougherty answered if you were to look at that \$1.4 million, the actuarial valuation that was presented by the actuary for this year shows that we should have a 12.04% increase so you would have to add 4.7% on that, which would get you up around 17% in the budget. I don't think the trustees are interested in doing that. I think they are reasonable people and when they see the numbers and see what the issue is...I think there have already been discussions about smoothing that out over time. I don't think it is going to be \$1.4 million. When we did our fiscal year conversion for example we spread it out over 13 years. So if you were going to apply that same theory to this amount it would be less than half a percent that we are talking about. I think there is some room for discussion on this point.

Alderman Smith stated Kevin I talked with Mr. Fleury this morning and I would just like to go over one thing. Are you a member of the Board of Trustees?

Mr. Clougherty responded yes both the Mayor and the Finance Officer are members.

Alderman Smith stated I guess on five occasions they sent a letter or notification to you of being delinquent and it says right here that state law says amount necessary to fund retirement. I would like to see this cleared up and like I say you are a member of the Board of Trustees yet you gave no response to the Director of the Retirement Board. I would like to have an answer as to why you didn't respond on five occasions.

Mr. Clougherty replied actually I have responded on several occasions, Alderman. We have had discussions about these things. Again, I think there is a legitimate disagreement. Our auditors have spoken to their auditors. His staff has spoken to ours. There have been discussions. There hasn't been a resolution but I think we needed, as Gerry said, the current valuation to get the information we need to be able to look at this and break out certain numbers and that is what we have been doing and that is why Tuesdays meeting, I think, will be important. We are interested in getting this resolved as well. We think that is important. As a trustee I want to make sure that this is resolved for the system but by the same token I have a responsibility to the oath I took as a Finance Officer to make sure that the taxpayers in the City are getting value as well too.

Alderman Smith stated I am glad Gerry that you brought this up. I think it might be decided what we are going to do next Tuesday when the Board meets. This is very important to our retirement people.

Alderman Gatsas asked Kevin can you tell me was the last administration aware of the \$1.4 million in the last budget.

Mr. Clougherty answered yes.

Alderman Gatsas asked is there a reason why we as a Board didn't fund it then.

Mr. Clougherty responded my recollection is the Mayor spoke about this and it was a feeling again that it was something that should not be funded as a lumpsum at the time. It was something that should be resolved over a period of time based on an actuarial suggestion.

Alderman Gatsas replied so what you are saying is nobody has gotten back to us as to what the actuarial suggestion would be.

Mr. Clougherty stated I think that is something as Gerry pointed out earlier that has to be worked out with the trustees and we are building towards that on Tuesday.

Alderman Gatsas asked so the position that this Mayor took in his budget is no different than what the last Mayor took in his budget.

Mr. Clougherty answered no it is consistent.

Alderman Gatsas stated I have a couple of questions for Mr. Fleury or his attorney and whoever is going to answer can say them out loud instead of whispering that way we can all hear the answers. I guess my question is do we get a copy of the actuarial study?

Mr. Fleury answered absolutely.

Alderman Gatsas asked and you will provide it for every member of the Board.

Mr. Fleury answered that won't be a problem. The study we have right now is the preliminary because when the actuary appeared before the Board of Trustees, now understand the Board of Trustees only meets once a month so when they met for the month of March they saw the preliminary report, which they accepted. It is customary then for the actuary to produce another version of it which essentially is the same thing only it says final version. At that point we make it publicly available for everyone but this is far from secret material. Anyone can have a copy, even of the preliminary study.

Alderman Gatsas asked what is the total value of the fund.

Mr. Fleury answered at the present time about \$120 million.

Alderman Gatsas asked and what position has that fund taken over the last five years. Has it grown or has it decreased?

Mr. Fleury answered it has grown. Like many pension funds we had a temporary lull in the growth rate in 2002/2003. Those were terrible years in the stock market.

Alderman Gatsas asked how much were the losses.

Mr. Fleury answered I don't believe I have that number. The chart I have comes from the published report for fiscal year ending 2004. We had a reduction in assets between 2000 and 2001 of approximately \$8 million. Another reduction between 2001 and 2002 of about \$9 million. At that point the fund hit a lot of about \$75 million. Then 2003 was a stellar year. We had about a 28% return. The assets rose from \$74 million to \$95 million and at the end of 2004 we were at \$106 million and we have taken it up to I believe \$120 million.

Alderman Gatsas asked why such a drastic increase. If you are actuarially that sound why such a drastic increase of 40% on the employee contribution rate because that is about a 40% increase?

Mr. Fleury answered let me refer to the valuation. The actuary was good enough to give a new schedule this year called a contribution rate reconciliation. We started with last year's rate of 8.72%. We had something called a normal cost change, which are changes in demographics and things like that and that accounted for .31%. We had a reduction in the rate of .08% due to miscellaneous changes in group demographics. The employer portion of Senate Bill 402, that was the service credit upgrade I spoke of earlier, that resulted in an increase of .14%. We had a COLA assumption. Now it is different to talk about the COLA assumption without digressing quite a bit. One of the things that the Board looked at was

being able to shield the City long-term from coming back and saying the rate went up because of COLA. It sought to fund pre-funded COLA's in ¼ step increments and what that would do is it would put the fund in a position where it could grant a 2% COLA every year without it affecting the rate further and it would be able to do that over a prolonged period of time. So there is a .25% phase in of that 2% assumption. That added .15% to the rate.

Alderman Gatsas asked does this Board ever have to vote on that COLA increase.

Mr. Fleury answered this Board can vote...

Alderman Gatsas interjected according to the RSA's.

Mr. Fleury stated the RSA's don't address COLA. The RSA's...well they aren't RSA's but the state statute, Chapter 218, says that the Board has an obligation to review the impact of inflation on the earnings of pensioners and to adjust accordingly. It's administrative rules detail how that is measured and there is a complex formula that looks at the consumer price index for this region of the United States and the formula that we follow tells the Board how much they should contemplate awarding and then we have another formula that looks at how do you determine affordability. There is a section in the rule that says if it is not deemed to be affordable by the Board then they can approach the Board of Mayor and Aldermen and ask for a special appropriation to fund a COLA.

Mayor Guinta stated I would ask the City Solicitor to research that issue.

Alderman Gatsas responded you still didn't answer my question. My question was do you have to come before this Board, not your Board, but this Board to approve a COLA increase?

Mr. Fleury replied not if there is sufficient funding in the plan. No we don't.

Alderman Gatsas stated I would assume sufficient funding would be anything over 100% because right now you are underfunded so you, as a Board, don't have the authority to fund that COLA without coming here because you are not overfunded.

Mr. Fleury responded I don't believe that is the case. While there are...

Alderman Gatsas interjected is that your belief or your attorney's belief.

Mayor Guinta stated if you are asking the City to fund it...

Alderman Gatsas interjected I would like to hear it from the attorney.

Atty. Rich stated the statute speaks to whether or not there are appropriate earnings of the fund as to whether the Trustees can grant the COLA, not to the funding level of the grant itself.

Alderman Gatsas asked can you tell me what RSA that is or what statute that is.

Mr. Fleury answered it is not by statute.

Alderman Gatsas asked is it by your rules.

Mr. Fleury answered it is by administrative rule. That administrative rule is public knowledge. We have it on our website. In fact, it is administrative rule #7.

Alderman Gatsas asked so if your Board decides to give a 5% COLA at anytime and I would assume, I guess I would check to say whether you could give a COLA when funds were decreasing by 8...did you give COLA's when the fund was decreasing by \$8 and \$9 million.

Mr. Fleury answered I have no first hand experience with that.

Alderman Gatsas asked could you look that up.

Mr. Fleury stated I know there was one year when no COLA was granted prior to my coming.

Alderman Gatsas asked can you tell me on the two years that had \$8 million losses if there were COLA's granted.

Mr. Fleury responded in one of those years I know there was no COLA because in a subsequent year when it was deemed to be affordable a 4.5% COLA was awarded to make up for the year that none was granted.

Alderman Gatsas asked how much.

Mr. Fleury answered a 4.5% COLA.

Alderman Gatsas asked so even in the year that lost \$9 million you still extended a COLA.

Mr. Fleury answered no in the year we made \$20 million we extended a 4.5% COLA.

Alderman Gatsas asked what about in the two years that you lost money.

Mr. Fleury answered I can't speak to both of those years. I know in one of the down years no COLA was awarded. I can look that up. You also asked questions about the statutory authority. It is Chapter 218:20 Adjustments to Benefits to Retirees to Maintain Financial Parity. That is the legal basis for the Board to award that. The mechanics binds itself in administrative rule #7.

Alderman Gatsas asked and it is not based on whether you are at 100% valuation or not.

Mr. Fleury answered there are options within the rule. The rule is tiered. There are certain conditions, which if they are met allow for the Board to award COLA's. One of them deals with and I am going from memory now but I think if you are 150% funded but beyond that you have to have met certain earning expectations of 7.5%. There are a number of tiers, any one of which if met allows the Board to grant a COLA.

Alderman Roy asked Kevin paragraph three and focusing just on paragraph three, which is the July 1, 2006 contribution rate, what number was put into the budget that we received last week.

Mr. Clougherty answered I don't know the exact number, Alderman. I have to go back and look. My understanding is that it was a percentage calculation. When we have been doing the budget we have been putting in percentages in some of those items. I can tell you what it is. I just have to go back.

Alderman Roy asked was it less than the 2006 appropriation do you know.

Mr. Clougherty answered I believe there is money in there to meet the base requirement of the valuation.

Alderman Lopez stated I just want to make a comment. Kevin, as an officer of the City you never informed this Board or the Accounts Committee of this situation did you?

Mr. Clougherty responded I believe the Mayor informed the Board of the situation and I know that I have talked to many of the Aldermen who have come to my office in preparations of their budgets about it in detail. I would have to go back and look. I haven't but it is my understanding that the Mayor did.

Alderman Lopez stated I think in the future as an officer of the City when we have an obligation or some problem that is coming up in our finances at least a communication from you in writing ought to be given to this Board. I understand that you are working out the details but we should be aware of something like this that is going on so that we can look into it. Now we have to scramble and look into this.

Mr. Clougherty replied I think what the issue has been was trying to get what was the number.

Alderman Shea stated I am sorry that I opened up such a can of worms here but anyway I think we had a lot of discussion this evening, very profitable if people could follow it. I had to take notes because it is very technical but my point is, your Honor, that I would like this to be referred to the Finance Committee with the added part of having Kevin Buckley perform an audit so that we could get some understanding on where we stand.

Alderman Lopez duly seconded the motion. Mayor Guinta called for a vote. There being none opposed, the motion carried.

Alderman O'Neil stated just a quick thing for Gerry. I want to apologize. I might have been a little hard on him a week or two ago because of my frustration with the communication. I appreciate him trying to improve communication with us. Gerry, I apologize for that.

Mr. Fleury responded Alderman O'Neil I am rather thick skinned and nothing you said offended me so no apology necessary.

Alderman Gatsas stated I will remember that.

Mayor Guinta stated in the spirit of renewed communication give us some good news soon because we could certainly use it.

L. Resolutions:

“Amending the FY2003 and 2006 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Eighty Thousand Dollars (\$80,000.00) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Eighty Thousand Dollars (\$80,000) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Six Thousand and Four Dollars (\$6,004) from Contingency to Motorized Equipment – Non Departmental Expense.”

Alderman Shea stated this has to do with a clarification more than anything else because there was discussion I think at the Planning Board meeting concerning this particular item and I am not sure if Bob MacKenzie could bring us up-to-date as far as what is going on with this particular project. That would include the transfer of \$880,00 and then \$30,000 back and then another \$30,000 and so forth. Bob, could you clarify this particular item for everyone concerned?

Robert MacKenzie, Planning Director, stated the CIP Committee had an interest in correcting an intersection on South Willow that they believe had some real pedestrian safety issues. We had originally looked at funding that project, which was about \$80,000 through \$50,000 of a bond balance and \$30,000 from the South Willow Area Fund, which is controlled by the Planning Board. A letter did go to the Planning Board. They had a number of questions that they needed answers to. As I understand it the Committee wanted to get this project done for safety reasons so the bond balance that they had tapped for \$50,000 they wanted to increase to \$80,000. That bond balance was the South Willow/Harvey Fire Station Roof, which has been completed now close to three years. So originally they looked at two funds to take the money from for the project. Eventually after the Planning Board reviewed and tabled the matter, the Committee wanted to use just one fund to complete it.

Alderman Shea asked is this the project that is on the corner of South Willow and South Maple Street. Is that what you are saying?

Mr. MacKenzie answered yes it is.

Alderman Shea asked did the Planning Board object to the fact that because they would put some sort of signalization there would be a back up on South Willow Street. Was that brought up at the Planning Board meeting?

Mr. MacKenzie answered some people had those concerns, yes.

Alderman Shea asked will this, in turn, still go through with that concern or has that concern been clarified and cleared up.

Mr. MacKenzie responded I think if you ask either Frank Thomas or myself I believe that generally given the traffic characteristics in that area and that there are other bottlenecks, that this will not have a severe back-up situation on South Willow Street.

Alderman Shea asked so what you are saying in essence is that it has had the approval of the Planning Board and it is ready to go or it hasn't

Mr. MacKenzie answered no it has not. The Planning Board tabled the request for the funds.

Alderman Shea asked even though the money for the project is in place now and not taking money away from any other concerns that other Alderman have expressed in past meetings.

Mr. MacKenzie responded I am not sure how to answer that. The Planning Board was only requested to approve \$30,000 in funds, not the project. So the project can proceed if the

Board acts upon it tonight using a bond balance. The project did not need approval to proceed. It only needed approval from the Planning Board for some funding.

Alderman Shea asked and that has been tabled by the Planning Board you said.

Mr. MacKenzie answered yes.

Alderman Shea moved to refer the item to the Committee on Finance. Alderman Garrity duly seconded the motion. Mayor Guinta called for a vote. There being none opposed, the motion carried.

Report of the Committee on Community Improvement:

- T. Recommending that an additional \$30,000 be transferred from the 2003 South Willow Fire Station Reroofing and Masonry Repairs Project to the 713206 Street Reconstruction – S. Willow Street project to accommodate improvements for pedestrian safety at the intersection of South Willow Street and South Maple Street.

The Committee notes that the previous request of \$30,000 in South Willow Street Area Improvements fund is to be concurrently withdrawn from the Planning Board. For such purpose budget authorizations and resolutions have been submitted to cover the total cost of the project anticipated at \$80,000.
(Unanimous vote)

Alderman Shea stated well this has kind of been answered. That is interrelated with the other one.

On motion of Alderman Shea, duly seconded by Alderman Garrity it was voted to accept the report.

Reports of the Committee on Lands and Buildings:

- V. Recommending that a Revocable License Agreement (enclosed herein) between the City of Manchester and the Disabled American Veterans for a portion of the former Portsmouth Branch rail line which abuts 399 Silver Street be approved.
(Aldermen Smith, Forest, Roy and Long voted yea; Alderman Thibault was absent.)
- W. Recommending that a Revocable License Agreement (enclosed herein) between the City of Manchester and Gerald P. Cloutier, d/b/a JC's Auto Sales for a portion of the former Portsmouth Branch rail line which abuts his property at the corner of Silver, Somerville and Maple Streets be approved.
(Aldermen Smith, Forest, Roy and Long voted yea; Alderman Thibault was absent.)

Alderman DeVries stated items V and W I can look at as one item if the Board so chooses. Do we need to take action on that?

Deputy City Clerk Johnson stated that is okay.

Alderman DeVries stated my concern because this is dealing with the revocable license agreement for utilization of the rail beds, which are scheduled in the future to become a rail to trail project as part of the Master Plan recently devised for Parks & Recreation as well as

prior master plan studies...my question would be first to whoever wants to answer it we are not receiving any payment in lieu of taxes as part of the license agreement. Who would like to answer that?

Deputy Solicitor Arnold responded there was some discussion on this at the Committee on Lands and Buildings and the result I believe was no we were not going to collect a fee and the revocable license does not reflect one.

Alderman DeVries asked and the reason we decided that we are not collecting a fee in lieu of taxes for individuals that are gaining the use, some of it commercial, of City property...I think one of these is dealing with a used car dealership.

Deputy Solicitor Arnold replied that I couldn't answer for you other than to refer you to the minutes.

Alderman Roy stated the motion in the Committee on Lands and Buildings at the end of last year or the middle of last year came out with a report not to charge, which I did not support. I have determined that I am going to let this go for a little bit and then ask the Assessors to put a value on the land that we are giving to people tax free but it was voted in Committee and then did pass the full Board. So I believe, like you, that we are giving away land. Just because people are lucky enough to live next to a railroad track for a future use of trails we are not charging them for that usage until it is redeveloped.

Alderman DeVries stated certainly I agree that not only do they get the use but in one of these cases it is a commercial use of property. They are extending their business on to that so that is one of the problems that I have. Back to the City Solicitor or possibly Planning my second concern is what guarantees within the revocable license agreement do we have to be sure that when the City does choose to act on the rails to trail development that we can smoothly move that back into City use and that some Board in the future won't look at it and say well for 10 years they have had the use of this property and we don't want to take that away? What has been built into the revocable license agreement to assure that won't happen?

Deputy Solicitor Arnold responded the fact that it is revocable and at the sole discretion of the City.

Alderman DeVries stated I think that is a key concern I have. We are looking at the sole discretion of the City, which means if in the favor of the Board at that point in time they think it is a hardship to the business or to the entities they could decide to break the connectivity of that recreational trail. That would be the second concern I have. One that we are not collecting anything in lieu of taxes and second that in my opinion it endangers the

future of that rail to trail project. That being said, those are the only concerns I have unless there is another Alderman that wishes to speak.

Alderman Lopez stated these people that are using this...this went on for a whole year before we even got to this point in order to do something to assist those people and take care of the parking lots and everything else. I agree with the City Solicitor that it is revocable and we have that authority to do so. I think it is a service to the community and the people that abut these particular properties to utilize and clean up the area and make it nice and neat. Thank you.

Alderman Roy stated I will again reiterate what I said in Committee. I will vote for this again because we have already set the precedent but I do believe we are giving away taxable land and I believe if it was something that was a revocable license with a fee equal to taxes that the people would still have the opportunity to use it and still have the opportunity to clean it up, maintain it, secure it and keep it for future use for the trail system. I will reiterate that I will vote yes because we have set the precedent but I am very much against this land give away.

Alderman Gatsas stated I don't know. I guess it was just a short time ago but I thought we had this debate at the full Board and if I remember there were only a few people that voted against giving the land for nothing. Some Board members thought we should charge them. Why are we even talking about it now when we voted and put this process forward? Why is there a discussion about these revocable licenses when the Board before us took the position? Maybe what we should do is ask the Clerk to refresh our memories. I think it was a roll call vote if I remember. Maybe we need to have the Clerk refresh our memories on where we were with that vote.

Alderman DeVries stated I was just going to respond that I think that at any point in time we can have ongoing discussion with this. I believe I have voted in opposition to this in the past because this has been kicking around for years and I have expressed my opinion in the past and that just hasn't changed. I have always had concerns about the rails to trails project. I am just responding to that comment. Thank you.

Alderman O'Neil asked can we move along here. It is going to be a long night. We are rehashing discussions from a year ago.

Alderman Lopez moved to accept both reports of the Committee on Lands and Buildings. Alderman Shea duly seconded the motion.

Mayor Guinta called for a vote. The motion carried with Alderman DeVries being duly recorded in opposition.

Report of the Committee on Lands and Buildings:

- X.** Recommending that the Parks, Recreation and Cemetery Department be authorized to proceed with the acquisition of Bass Island property located on Second Street. The Committee notes that funding for the acquisition will consist of \$100,000 from SEPP (Supplemental Environmental Protection Program) and \$100,000 from a reimbursement from the NH Department of Transportation and that no funding from the city will be required.

The Committee additionally notes that it is not intended that the City absorb any costs relating to rehabilitation of the former Blacksmith Shop located on this property.

Alderman DeVries stated this is dealing with the acquisition of Bass Island property and I believe the Planning Department would be appropriate to answer. With this particular property the last that I heard...formerly For Manchester I believe was the entity that was previously going to take ownership of the parcel because of some concerns for potential hazardous materials. The last I heard at a Committee there was discussion for some Brownfields money, which is specific to hazardous material clean up and I would like to get an update as to where the hazardous material potential of this property is and why we are not utilizing Brownfield's monies.

Mr. MacKenzie stated the Committee recommendation is that the City proceed and use those SEPP funds to purchase this property. If the Board grants that, the City would have to...the Parks & Recreation would have to go through a due diligence phase, title search and investigating whether there are any environmental issues. We have not had any record on record with the City or DES that there are environmental issues, but it is the best route to do a Phase I site environmental assessment. If the Board concurs with this approach then we would go into due diligence and final negotiations with the landowner, including an appraisal of the property.

Alderman DeVries stated my concern for this property is no different than it was when the City was considering and did finally take ownership of the JacPac property. It is not that I am opposed to the proposed use or the utilization of either of the entities. I just don't think we should be taking full ownership of potential hazardous material clean-up sites without some sort of disclaimer protecting the City or a longer due diligence period to do more than a Phase I environmental assessment because all that does is drill a couple of sites. It really does not protect the City against absorbing or taking on potential future clean-up costs. That is the reason why I will vote I opposition to this project, not because of the proposed use or the potential for this to be some sort of a park for the City. Thank you.

Alderman Gatsas asked Mr. MacKenzie can you tell me how much is in this fund from the Department of Transportation.

Mr. MacKenzie answered there was \$400,000 reimbursed back to the City. That money is being held. \$250,000 of that was allocated by this Board towards the revaluation process.

Alderman Gatsas asked did the \$400,000 come from the Lamontagne project.

Mr. MacKenzie answered yes. That was the Philip farm, the Phase II project, which the City gave the funds for up front and then the state reimbursed it after several months.

Alderman Gatsas asked and on the up front piece where did those funds originally come from.

Mr. MacKenzie answered there were several sources. There was \$100,000 as I remember from the SEPP program. There was \$40,000 from a fund earmarked towards the Crystal Lake area preservation and the balance was taken out of a bond that was for the riverfront project.

Alderman Gatsas asked so that is about \$260,000 that came from the bond.

Mr. MacKenzie answered yes.

Alderman Gatsas asked so that leaves \$50,000 that is left in that fund.

Mr. MacKenzie answered if the Board took this action that would leave \$50,000. Again, \$40,000 was related to an EPA action and has to go back towards some land preservation. There would be \$10,000, which the Board could assign to a bondable project since it was bondable money originally but that \$10,000 is not allocated right now.

Alderman Gatsas asked so that \$10,000 could go to Alderman Osborne's project on Massabesic Street.

Mr. MacKenzie answered yes in theory it could.

Alderman Roy moved to accept, receive and adopt the report of the Committee on Lands and Buildings. Alderman Long duly seconded the motion.

Mayor Guinta called for a vote. The motion carried with Aldermen DeVries and Forest duly recorded in opposition.

Report of the Committee on Lands and Buildings:

- Y. Recommending that the Board of Mayor and Aldermen find Water Work's property located on Karatzas Avenue (Map 551, Lot 13) surplus to city needs and that 10 acres of said property be disposed of through sale to Anagnost Companies and Manchester Housing & Redevelopment Authority at a price of \$1,359,375. plus the cost of subdivision and any other costs relating to transfer of said property, and subject to conditions set forth in the previously executed purchase and sales agreement as enclosed herein. The Committee notes that such sale shall be subject to the review and approval of the City Solicitor.

The Committee further recommends that the remaining 6 acres of this parcel be held aside for a one year period of time during which time the School District may purchase said 6 acres at a price of \$815,625.

The Committee notes that it finds cause to dispose of the property in such manner for the purpose of building workforce housing and accommodating School District needs. The Committee additionally notes that the sales price has been determined by outside appraisal which has been deemed acceptable to the Board of Assessors. The Tax Collector has indicated no interest in the property as it is not a tax-deeded parcel.

The Committee recommends that in the event the School District does not purchase the property within the one year period of time, the 6 acre parcel is to be sold to Anagnost Companies, Inc. and the Manchester Housing and Redevelopment Authority for the same price aforementioned.

Alderman Shea stated maybe we should get the particulars up here and get this over with, your Honor. This has to do with the land up by Karatzas Avenue and I am not sure if the new part of having six months or a year or something to be ironed out. My understanding in listening and people on the Lands and Buildings Committee probably have a better idea but the schools I believe need about six acres or so and I am not sure if there are brooks there and running water and so forth. All we are doing is prolonging the agony by saying well the school can build on six acres and maybe they can. I think there are a couple of people from the School District here.

Deputy City Clerk Johnson stated I would like to note for the record that we did distribute a substitute report that indicates...

Alderman Shea interjected I have that. That is what precipitated my saying instead of one year six months. That is really why I said that because this new addition says one year's time for the school and the original was six months.

Deputy City Clerk Johnson responded the substitute actually merely states how the Committee voted. It was not stated in the attachment to the agenda. There were no other changes or there should be no other changes in there.

Alderman Shea replied I thought down below it said "does not purchase the property within the one year period of time."

Deputy City Clerk Johnson stated that language is contained in the report that is on the agenda as well.

Alderman Shea responded the other one said six months I thought.

Deputy City Clerk Johnson replied no. I will double-check it while you hold your discussion.

Alderman O'Neil stated I agree with Alderman Shea. Something I read recently said six months.

Thomas Bowen, Water Works Director, stated if I can clarify there were two options in the purchase and sales agreement. The first option is for one year for the School Department to purchase the six-acre parcel. Because Parks & Recreation also expressed some interest initially, there is an additional six months after that for them to express continued interest.

Alderman Shea asked could you break it down for us in terms of the land itself and whether or not if the 10 acres are sold if the school can build on 6 acres. Maybe Mr. Sanders can say something?

Mr. Bowen answered that is an issue that maybe the School District should address.

William Sanders, Business Manager for the School District, stated we had CDM Engineering Company do a very preliminary assessment of the...we were originally starting out with the whole 16 acres and then we focused on the lower 6 acres and they reported to our Building & Sites Committee a week ago Monday night that of the 6 acres probably only about 3 or 4 of the acres are buildable. To build a school, which we have been contemplating, something that would house 350 to 400 children, we would probably have to build a school on one section of the property about two to three stories high, which was something for a variety of ADA issues and other we can't do. We stopped the engineering work pending the Board's decision tonight so we have not pursued that any further but that was their preliminary report that it would be difficult to build a school as we had been contemplating it on that six acre site.

Alderman Shea asked so basically what you are saying is the six acres that remain, if ten acres are sold tonight the School District could not utilize those six acres in order to build a school that would fit the needs of the School District. Is that what you are saying in essence?

Mr. Sanders answered yes I think that is fair.

Alderman Osborne stated I have a question for MHRA. I guess one of my questions was already answered. Alderman Shea brought it up by I would like to ask you a question here. What is the difference between low income elderly housing, low income housing and workforce housing and what are the rent payments for those three or are there three? Are there only two?

Dick Webster, MHRA stated there are differing HUD definitions. Low income can be...for different programs it can be 80% of median or 50% of median but in general low income is considered 80% of the median income. Very low would be 50% of median.

Alderman Osborne asked how does that compare to workforce.

Mr. Webster answered well workforce generally pertains to tax credit type projects. We are targeting in this case to 60%. There are differing definitions according to the program.

Alderman Osborne asked what are the differences in the rents or the leases between these three.

Mr. Webster responded in the tax credit program you have a choice of...

Alderman Osborne interjected Sir I don't want to know about the 50% or 60%. All I want to know are what are the rents he is going to be charging once this is built.

Dick Anagnost, Anagnost Companies, stated perhaps I can make it a little clearer. In the workforce housing program you are dealing with approximately 60% of median income, which is the median income for the area. The rent for a two-bedroom unit at 60% of the median income is roughly \$804. When you are dealing with low income and elderly you are dealing with a whole different animal because those are typically single bedrooms and when you are dealing with the elderly you are 30% to 50% typically of median income. So it makes it a lower rent payment – more like \$600 a month.

Alderman Osborne asked what about the workforce.

Mr. Anagnost answered that is the workforce.

Alderman Osborne asked the 60% was the workforce.

Mr. Anagnost answered right 60% of the median, which is \$804 and that is the maximum you are allowed to charge.

Alderman Osborne asked and the 80%, what was that.

Mr. Anagnost answered Section 8 would be approximately...is it 80%. The confusion comes because we are dealing with essentially four different programs and five different definitions based on your request.

Mr. Webster stated I have different income levels I can share with you. For each bedroom size it is a different rent level.

Alderman Osborne asked what is more demanding – low income elderly, workforce or low income. What is the most demand for? What about the elderly?

Mr. Webster answered there is a huge demand for the elderly. There are 8,500 people right now on a list.

Alderman Osborne asked for elderly housing.

Mr. Webster answered for elderly and families.

Alderman Osborne asked and can workforce go to any one of those families.

Mr. Webster stated workforce is generally for families.

Mr. Anagnost stated it could go to either one that qualifies, Alderman.

Alderman DeVries stated my question would be to Tom Bowen, Director of Water Works because this is property that is owned by the Enterprise at Water Works, not City owned land. Is that correct?

Mr. Bowen responded that is correct

Alderman DeVries stated so as such that means any transaction, either between yourself and the developer or yourself as the enterprise representative in the school system there is a sale, a purchase and sale of the property involved.

Mr. Bowen replied yes.

Alderman DeVries asked have you had discussions with the school system for the potential cost for the property that they will need to make with the Water Works enterprise.

Mr. Bowen answered well there was an appraisal done on the entire 16 acre parcel and the purchase and sales agreement that we have with the Housing Authority and with the developer is a pro-rated portion of that overall amount. We have not had any direct conversations at all with the School District at this point.

Alderman DeVries asked can you give me a rough allocation of how...maybe the developer would have a better understanding of what is left of the P&S that might be an obligation for schools.

Mr. Anagnost responded it would be \$1,350,000 to the developer and approximately \$815,000 for the remaining six acres. It is pro-rated based on 16 acres divided into \$2,175,000, which is the fair market value of the property or \$135,000 per acre.

Alderman DeVries stated let me just make sure that I heard that correctly. \$1.35 million for the developer and \$815,000 for the remaining six acres for the school?

Mr. Anagnost answered yes.

Alderman DeVries stated I will shift my question if I can to Mr. Sanders from the School Department. The appropriations that you asked for in the budget this year is that funded? The \$815,000 because we are talking a six month timeframe for you to make a purchase of this property?

Mr. Sanders responded it is not funded in the appropriation that the Board of School Committee approved. If we were fortunate enough to be in a position to purchase the property we do have today about \$1.8 million or \$1.9 million in our impact fee account. We were going to pursue the possibility of using monies from the impact fee account to purchase the property. Other than that, we would have to do a bonding or something incremental beyond our current appropriation request.

Alderman DeVries asked so you are talking that if this was going to happen it would have to be eligible for payment under the impact fee account. Is that a legal decision whether or not that is applicable for use?

Mr. Sanders answered yes that would be a legal decision. We have not yet requested that ruling but it would be for a school addition. For starters it would meet the general criteria of impact fee money but it would be a legal decision, yes, and we have not received a legal opinion on that.

Alderman DeVries asked if I can disturb the City Solicitor maybe to weigh in on his opinion on whether there might be applicability with the impact fee.

Deputy Solicitor Arnold stated I would want to research the question but I think generally you can use it to purchase land as long as you don't bank it so to speak. You have to follow it up with the development or the building of a school relatively quickly after acquiring it.

Alderman DeVries asked so what would be the timeframe that you are indicating that would differentiate it between land banking and developing.

Deputy Solicitor Arnold answered I couldn't give you that off the top of my head. I would have to go back and look at that.

Alderman O'Neil stated Dick you mentioned approximately 8,500 on the waiting list at the Housing & Development Authority.

Mr. Webster answered that is correct yes.

Alderman O'Neil asked and you classify as elderly and what is the other category.

Mr. Webster answered family housing and elderly, which would also be disabled.

Alderman O'Neil asked so you said it is approximately 50/50. I generally hear you talking two categories and not more than that.

Mr. Webster stated we have the two waiting lists. Elderly and family.

Alderman O'Neil asked Bill how did the School District end up looking at this site.

Mr. Sanders answered the School District received a letter from Mr. MacKenzie of the Planning Department back in late September/early October that this land was being considered as surplus land and that the Aldermen were going to make a decision on it. He requested information from the School District regarding the impact that the development of the site would have on our own schools and also indicated or requested as to whether the School District had an interest in all or a portion of the site. That began the process.

Alderman O'Neil asked so you became aware of it through a number of different issues that Mr. MacKenzie presented and that is what led to your interest.

Mr. Sanders answered that is correct.

Alderman O'Neil asked Bill is it my understanding that this school would be built to service center city kids.

Mr. Sanders responded yes indirectly. It could address inner city children. Coming out of the NESDC study that we received a little over a year ago from the New England School Development Council we have two real needs for elementary schools. One is in the center city area, the Beech Street/Wilson area and the other is on the West Side. This Karatzas Avenue property isn't perfectly sited for the center city but our plan would be to move children to the Karatzas Avenue elementary school if I could use that phrase by moving possibly children from McDonough to Karatzas Avenue and then moving children from Beech Street to McDonough and sort of in a shifting reorganization better size Beech Street so it wouldn't have nearly 700 children in it. It would be more in the area of 400 to 500 children and Karatzas Avenue would eventually be maybe 350-400 children in the school.

Alderman O'Neil stated I guess as a person who won't have a vote on that just as a citizen of the City I would think the site...anybody who goes up to Karatzas Avenue and many of us have over the years would know that the topography is awful. There is ledge all over the

place. I am actually surprised that there has been a lot of time spent on it. Secondly I would just think transportation costs would make it cost prohibitive.

Mr. Sanders responded yes there are a lot of issues with the site. As we talked about the six acres I don't think the School District would be interested in the six acres. It wouldn't work. We have a pressing need in the inner City particularly for an additional school or additional capacity. We also have a situation with our pre-school development program where we are renting space at Easter Seals and in the next two years we are going to have to exit that site. There are not a lot of open sites that have been brought forward that we can consider in the inner City and this Karatzas Avenue opportunity presented itself and we decided that we should pursue it. That is why it is not perfect but in the situation we are in it is the best we had.

Alderman O'Neil asked so there are no serious discussions going on now about any site with any game plan in the center city.

Mr. Sanders replied not that I am a participant in.

Alderman Roy stated we have spent a lot of time in Lands and Buildings working on this and going through the different options and I just want to clarify a couple of things to begin with. Bill from what you have answered to other questions from people tonight this choice of this piece of land. Is it simply because it became marketable land that the School Board decided to go forward on this particular piece?

Mr. Sanders responded yes. It was presented to us as an opportunity. We have a need as I already discussed and beggars can't be choosers so we chose to pursue this.

Alderman Roy stated the dilemma I have found through all of this is I am very pro-education and building an elementary school is something we definitely need to do for the inner city children but I am also very pro workforce housing. So I am trying to fit both categories. The problem I have is Karatzas Avenue and Eastern Avenue are set-up for housing and workforce housing. I think bussing kids from McDonough or children that currently go to McDonough over to a school that is located almost exclusively in an apartment complex would cause issues all by itself. I would much rather see us take the stance of going forward with the workforce housing, make that a success and then find the School Board a piece of land that gives you the ability to build a school that you need to. That being said, I have a question for Tom. There is a 20-acre piece of property further down Wellington Road. Yes it is further from the center city but if the shift in redistricting was to go forward...are you familiar with your property on Wellington Road?

Mr. Bowen responded yes I am.

Alderman Roy stated the beginning of the property is wet but the rear part seems like it gently slopes up to the backside of the Currier Hill development. Are there six acres there that are buildable that we could work with the School District on?

Mr. Bowen responded the reason we own that property is because it is watershed land. This Karatzas Avenue piece was purchased in the 20's for a site of a potential storage reservoir. The Board to this point has kind of taken the position of being reluctant to dispose of any watershed property. That is a decision that the Water Board would have to weigh in on but as you indicated there is a stream that runs up through that piece. Seasonally it runs pretty heavy. I am not that familiar with the upper portion of the property but we certainly could take a look at it.

Alderman Roy stated Mr. Anagnost you probably know more about land in that area than anyone in this room. Are there other pieces of land that you know of that could accommodate a school?

Mr. Anagnost responded short of the Water Works piece there isn't a lot out there in this neighborhood but in discussions that I just had with these gentlemen over here there is a possibility that adding some back land to the existing site could accommodate both of us. It is something I would explore whichever way this Board decides to vote tonight but there is still a possibility that by adding some back land to the front piece and with some help from Mr. MacKenzie and his Planning staff there is a possibility that we could co-exist on this site.

Alderman Pinard stated we know that Bedford is building a school. Is there any consideration in using West High School for the move? You mentioned that you were going to move some of the children in different areas. Has there been any thought to using West High School for that when the move comes in Bedford?

Mr. Sanders responded yes there are a number of options that are being reviewed for West High School when Bedford does being to exist after next year. One of the issues that we will have to deal with of course is as you know West is a high school and we are talking about an elementary school and conceivably pre-school children and bussing would become an issue, which it would be at Karatzas as well but we will be evaluated how to use West High School.

Alderman Pinard stated I have received a few calls on that and it seems that if that happens then you don't need to build a new school in the City of Manchester if the use of West High School is there. I think that is something that we on this Board should follow-up on with the School District. It is very important because again we are representing the taxpayers and that seems to be the plight of everybody in the City right now is lowering the tax so I think that I would like to ask you, the School District, to come back to us in the next couple of months

and tell us before we make a decision. The Water Works Department is going to give you the chance to consider buying that lot if you really need it. I would suggest, your Honor, that the School Board come back to us in a couple of months with a recommendation on what they are going to do with West High School once Bedford leaves. This is the time to do it, not in six years. I have another question for Mr. Anagnost. How many units are you going to put on that lot?

Mr. Anagnost responded I believe 102.

Alderman Pinard stated so that will make a dent and in talking to Mr. Dunfey today everybody hear on the Board and everybody listening you have 8,500 people looking for affordable housing. That is 5% of the voting population of the City of Manchester so that is nothing to sneeze at. Members of the Board, this is my ward and I know land is getting short but we can't leave our senior citizens out on the sidewalk and that is something to consider. Thank you.

Alderman Shea stated when we started talking about schools and I hate to bring this up but Alderman Gatsas does sometimes, I told you so when the design-build was being done that I said to you folks here that the elementary schools were being neglected and nobody listened. The School Department didn't listen. The Aldermanic Board did listen. The previous Mayor didn't listen but I told you that this would come back within a couple of years and nobody listened. Maybe sometimes we should listen carefully when we do a design-build and spend \$105 million on the design of schools when West High School is being phased out and I came with a plan and indicated to you people what that plan was and there should have been less money spent on West High and more money devoted to the elementary schools. Now we are faced with two serious problems – one on the West Side and one on the East Side and it is not going to go away. My point is and I would like to ask Dick, if the School District does not need that extra land because obviously it seems as if they can't build on it, would you be interested in purchasing that land?

Mr. Anagnost replied yes. One of the issues that came up before the Water Commissioners was if they sold the 10 acres what would they do with the 6 acres at a later date. So there is an option for MHRA and I to exercise that if the School Department does not want to acquire the six acres and if the Parks Department does not want to acquire the six acres, we will acquire the six acres for the balance of the money and do a Phase II to the project.

Alderman Shea stated I am not sure if you want to accept a motion your Honor.

Mayor Guinta responded we have a couple of more speakers. I know everyone is probably interested in moving this along. I do want to give everyone an opportunity to speak so maybe we can try to speed this along.

Alderman Smith stated Bill I know that you were very interested in this parcel back in December. I would just like to point out to my colleagues here that I was opposed to this development because I think that education is a must. I was just going over and you could probably explain but McDonough is overloaded and Weston School by 102 students right now. These are in the areas where these people would be going to a new school. If we build affordable housing that is definitely going to have an impact on the kids going to McDonough and Weston. I don't know how many you could project. The figure I have is based on 150 units and I thought you just said it was 102. How many future students do you think would be involved in Weston and McDonough schools if this project went forward?

Mr. Sanders responded I was just looking to refer to a letter that we went to Mr. MacKenzie back in December. It was our estimate at that point in time that if 150 units were constructed approximately 60 school age students would likely reside in the area. It depends on the type of housing that is constructed, be it single-family housing or apartments. If it was all apartments it would be something less than 60 probably.

Alderman Smith asked so the projection if I total everything up would be over 200 students that would be over at Weston and McDonough.

Mr. Sanders answered that is correct. In the same letter we were referencing, the three schools – McDonough, Weston and Smyth Road that service that area, our operating capacity today as published by NESDC would be about 1,416 students and there are currently about 1,508 students in those three schools and if we add another 60 students we would be nearly 200 over capacity at those three schools. That is right.

Alderman Lopez asked with this be the type of housing where residents of Manchester are first selected.

Mr. Anagnost answered actually based on the project that we built in Alderman Smith's ward and most recently in Alderman Pinard's ward, 92% of the people came from inside of Manchester.

Mr. Webster responded everybody comes off the Housing Authority list.

Alderman Lopez replied I realize the come off the Housing Authority but we also know that people move in from other communities and use other people's addresses. I am talking about true residents of the City of Manchester.

Mr. Anagnost responded based on...each one of these residents needs to qualify and part of their qualification process is to identify where they were living and where they were working and all of this other criteria that HUD and NH Housing requires as a result of the financing. So the management staff needs to go and verify the people's previous addresses and where

their jobs are located. That is where the 92% comes from. It comes from those verifications. If they are working here and they were living here that is what we verify and determine that number by.

Alderman Lopez asked Mr. Sanders on the impact fee and I don't know what the number is because I have \$1.274 million that you have left in that fund is that correct.

Mr. Sanders replied I think that is dated somewhat. I think the report that I saw as the end of February or January would have been about \$1.8 million.

Alderman Lopez asked did I understand you correctly that you would use some of this money for this particular school. Is that correct?

Mr. Sanders answered yes. We were considering using some of that money to purchase the...

Alderman Lopez interjected why would you not use this money to fix the schools that we have such as Parker Varney and other locations in the City.

Mr. Sanders stated the impact fees are collected from new housing that is constructed in the City as you know and it is stipulated that the money must be used for the construction of additional schooling and if it is not used within a certain period of time and I think it is five or six years, to expand the school – not just refurbish or fix up but build new school rooms, then it needs to be returned to the individuals that paid the impact fee upon purchasing the property. So it needs to be used to construct new buildings.

Alderman Lopez asked when was the last time that rule was ever challenged to maybe try to change that because of the influx that development causes. The point I am getting at is has anybody ever looked at that to make a change in the law or anything like that?

Mr. Sanders answered I don't know.

Alderman Lopez stated so you could use the money to expand the school.

Mr. Sanders responded yes and some of this is a legal question and I am not completely...I don't know if I can expand an existing school or not.

Mr. Clougherty stated it has to deal with the expansion of enrollment and I think you can expand an existing building, you just can't rehab a place. It has to be for some expansion.

Alderman Lopez replied that is an area that maybe I think you should take a look at this money in some of these schools that are going to get more kids from workforce housing or

whatever the case may be. I want to commend Alderman Shea who did bring up the elementary schools and I want to give him his dues because we should have maybe done that first.

Alderman Roy stated Alderman Lopez the impact fee law as written by the state is very broad and can go into as far detail as storm drains, sewer improvements and quite a number of things that help municipalities expand. We have narrowed that down here in the City of Manchester to a very strict school building and expansion of existing schools. So I would love to see this Board revisit what we can use impact fees for. We ran into this with storm drains in the north end. It is a very broad law as written by the state.

Alderman Lopez stated maybe staff could look at that.

Alderman Forest stated first I want to address Alderman Pinard's concern about West High and the Bedford students leaving. For one thing, Alderman Pinard, maybe your constituents that are talking to you about rumor or conjecture maybe they ought to take a ride up on Hackett Hill Road and look at the development that is happening in Hooksett. Hooksett is building condos and single-family homes. They have Target and a new Cabellas that may be coming in. A lot of those employees are moving in up in the Hackett Road area in Hooksett and Manchester takes Hooksett high school students. So maybe you ought to take a ride up there. We may not lose as much room at West High as some of the Aldermen seem to think. That takes care of that but Mr. Bowen I have one question for you. I understand that maybe the Clerk might have a clarification on it. I was at City Hall the day after or two days after the Lands and Buildings meeting when we voted on this. An elderly gentleman came in from my ward, said he saw the meeting and he came in with his daughter and made an alleged claim that he owned four acres of this sixteen acres. I don't know what the outcome was but was it straightened out?

Mr. Bowen responded I think Tom Arnold could answer this best. There has been discussion with the gentleman and his attorney. I have had a preliminary discussion with Mr. Arnold but I think he has to address it.

Deputy Solicitor Arnold stated I did discuss the matter and had been working on the matter with Ken Viscarillo of Sheehan Phinney who represents the buyers. We continue to work on it but I think that we are maybe not all sure but very close to all sure that the parcel he believes he has an interest in without addressing whether he does or not but the parcel he believes he has an interest in is not included in the Karatzas Avenue land that is being discussed tonight.

Alderman DeVries stated you can pass the microphone down because I feel bad that School Committee Member Beaudry hasn't had anything to say tonight. We are not letting you off the hook that easily. My question is you are chairing Building & Sites for the School Board

and the priorities that you have been looking at and that you are deciding to recommend for funding and I have heard discussion about taking care of open classroom elementary schools, something that you and I both have an interest in in Highland Goffes Falls but I believe there were two others. So have you prioritized between the new elementary school and the completion of those projects if they are not eligible under the design-build funding?

School Committee Member Beaudry stated our priority at Building & Sites is closing in the schools. That is our top priority and there are actually five schools that need to be closed in. The two top priorities we wanted for this year were Parker Varney and Highland Goffes Falls. Then you have Beech Street, Webster and Green Acres. So those are the five schools that need to be closed in.

Alderman DeVries asked have you come up with any dollar figures and what you are talking for capital investment to complete those five projects

School Committee Member Beaudry stated we put a CIP request in and I believe it is \$5 million to close in the schools.

Alderman DeVries asked so all five of them for \$5 million.

School Committee Member Beaudry answered that is correct.

Alderman Garrity stated this has nothing to do with the agenda. This is not an agenda item.

Alderman DeVries stated if you give us a moment we will try to get there.

Mayor Guinta stated let's try to wrap it up. We have three more people who want to briefly speak and then I will call for a vote.

Alderman DeVries asked so within the allocation of capital funding in the budget and I know there are a couple of budgets floating around put there but the \$5 million because we are looking at 12 months to exercise your purchase option on this property is that going to fit with \$5 million prioritized to happen ahead of that. Is that going to fit within that 12-month time span?

School Committee Member Beaudry stated again I just want to reiterate what Mr. Sanders said. We were going to utilize the impact fee money, which is separate from the CIP money for this piece of property. So the CIP money was going to close in our buildings and the other \$1.8 million that we have in impact fees was going to purchase the piece of property.

Alderman DeVries stated I think the final piece and I am not trying to lead this discussion one way or the other but what you realistically have to look at is that legal opinion because

our City Solicitor gave a very preliminary decision that as long as you are not using the impact fees to land bank you can accomplish that. That means that at some point within the next six months the Committee needs to earnestly decide if they can accomplish within a short timeframe the actual building of that school. As I said I am not trying to lead the discussion one way or the other. I just think the priorities may have to be re-examined as you discuss this in earnest. Thank you.

Alderman Osborne stated getting back to the elderly and I guess Mr. Anagnost can answer this one but the Wellington Road project that you put in, what percentage of that is elderly and what percentage is workforce or whatever?

Mr. Anagnost stated the 90 units on Old Wellington Road was designated 100% workforce but there are about five elderly units within there that are currently occupied by elderly. In each project, Alderman Osborne there is a certain number of handicap units that are required. The City designates those as handicapped. We truly service the handicapped but most of those are elderly.

Alderman Osborne asked what percentage of elderly do you think are going to be moving into this project if it does go.

Mr. Anagnost answered probably about the same.

Alderman Osborne stated so the elderly are still sitting there and we have workforce housing and low-income housing going in and the elderly are not moving. I think we should start at the top with the elderly and if the elderly move out of their places then the middle and the rest of it will start moving in.

Mr. Webster stated we are working on another project at this moment which is renovation of the Brown School, which will provide 34 units all of which will be for elderly housing.

Alderman Osborne asked could you repeat that.

Mr. Webster answered we are going to be providing 34 units by renovating the Brown School.

Alderman Pinard stated I would like to respond to Alderman Forest's little comment. If the Town of Hooksett is building so many homes maybe we should ask Mr. MacKenzie to get a hold of the town officials and find out if they are going to build a school in the future. Again, we have to look at our people in the City of Manchester before we look at the people in Hooksett. If they are going to build a school in the future maybe again the School Department should look ahead and see if this is going to happen before you build a new school in Manchester. I think that Hooksett is going to grow and I would like to ask Mr.

MacKenzie to call the town officials and find out if there is such a thing in the process and then communicate with the School District.

Alderman Gatsas stated I am just really happy that the revelation came from the School District to think about building a school for the inner city children up on Karatzas Avenue because if it would have come from this Board I think the front page would have been looking to hang a lot of Aldermanic people out on a limb. When we are talking about inner city and thinking about how we are going to shift it I truly think that that \$1.8 million that has been sitting around now for the better part of five or six years would maybe be implemented in a little bit of a better technique because I am going to look through the minutes of the meeting when we talked about...where Alderman Shea talked about the elementary schools. I think back then when I asked the question on how many portables would be left at the elementary schools and I won't quote the statement but I have it vividly in my mind. Maybe you can tell me, Mr. Sanders, how many portables right now are at the elementary schools.

Mr. Sanders stated somewhere between 15 and 19 portable classrooms are at elementary schools.

Alderman Gatsas stated and driving down Beech Street and seeing an elementary school that has some of the children that are probably the most deprived in this City having to look at four portables that are there I would think that there should be some sort of action that is done at Beech Street School and should be done quickly. You have \$1.8 million that has just been sitting in an account for, I would say, the better part of four or five years and some of that money could have been used to expand some of these schools that need the space. McDonough has now got a portable or two or three portables. My understanding is that the fire station is going to be torn down and there is plenty of space to advance at McDonough and grow and I think \$1.8 million would give you enough space. I am glad the revelation for Karatzas Avenue came from your esteemed Board because I certainly wouldn't have wanted to be left out to hang thinking that this Board thought that Karatzas Avenue was going to take care of center City kids.

Alderman Garrity asked can we move on this.

Mayor Guinta stated the Clerk has a recommendation.

Deputy City Clerk Johnson stated just to clarify there is a substitute report that was handed out to the Board, which does indicate a one year period of time for the 16 acre parcel consideration by the School Department. The purchase and sales agreement, which was executed prior to the action of the Committee actually indicates a one year period of time for the School District and a one year period of time for Parks & Recreation who also has indicated an interest in the property. So if you want to move forward with the report my

recommendation would be that the Board first amend this report to be consistent with the purchase and sales agreement that has already been executed and then to accept the report as amended.

Alderman Garrity moved to amend the report to indicate a one-year period of time for consideration by the School District and a one-year period of time for Parks & Recreation. Alderman O'Neil duly seconded the motion.

Alderman Roy stated thank you and I thank the Clerk for bringing us up to speed. I wish some of this would have come out in more detail at the Committee level but delaying the option for two years when there is a definitely a need for workforce housing in this City I have a problem with. I want to support the purchase and sales agreement but I would rather see the purchase and sales reflect what the Committee came up with, which was six months for the School Board and no timeframe for Parks & Recreation. We have other City land for parks. There is the 20 acre Youngsville softball site on Candia Road that is partially undeveloped that if we wanted to expand there are woodlands that we could expand them to and keep them parks properties. I would like to not delay this project and go with what the Committee report was – six months for the schools to have them work out a feasibility and if not it gets purchased by the developer.

Deputy City Clerk Johnson stated I have no objection to the motion that he is attempting to make but the Committee actually said one year for the school so you would still want to amend the report downward to six months and then that would require a withdrawal of the previous motion.

Alderman Garrity stated I am fine with my motion.

Alderman Gatsas stated I think the Board has to take a very close and hard look at what we are doing here because I can only tell you that the real estate transfer revenue that is coming from the state is on a decline so when we look at what the value is we better understand that in a year or 18 months or two years the value for the additional six acres might not be \$800,000. I think we better be very careful of what we are doing to the taxpayer today by telling people we are going to put an inner city school on Karatzas Avenue and we should wait six months because we don't know where the funding is going to come from. I have no idea when they are going to do the projections to build a school up there. It makes no sense. I would think that there are other opportunities in the City. McDonough has the possibility to expand and take whatever expansion they need right now. With the tearing down of the firehouse that gives them all the room that they need. To sit here and say we should look at that or hold it and not be in a very positive position of moving forward...I think it makes sense that that is what we do. To tell the developer well wait for a year or wait two years and he may come back to you and say the value is only \$400,000 and that is all I am paying and

then what are you going to do with the six acres? Correct me if I am wrong but if it is 16 acres what is the density? If it is 16 acres how many units could you put on there?

Mr. Anagnost responded 160.

Alderman Gatsas asked on a 10 acre parcel how many units could you put.

Mr. Anagnost answered 102 is what we are proposing.

Alderman Gatsas asked and if the six acres came a year from now how many years could you put on the six acres.

Mr. Anagnost answered 60 more.

Alderman Gatsas asked are you saying that the density doesn't change.

Mr. Anagnost answered no it is the same density. It is 160 roughly for the whole 16 acres. If you have 10 acres you can get 100 units and if you get the additional 6 acres you can get an additional 60 units. One more thing, the option the way Water Works negotiated it is when we exercise the option it is at today's price, the already pre-determined price. So if the value of land went down we couldn't exercise it at a lower price. The Commissioners wanted to get the full price out of it so if the School Department didn't want it they would ask us to exercise the option at the \$815,00, which is the balance.

Alderman Gatsas stated I am just confused, your Honor, on why we are sitting here holding a piece of land for the School District when we understand that they have \$1.8 million and they can't land bank it and secondly they are going forward, unless they have some plans...well I guess they moved to the Millyard and we didn't know that money was in their budget so I guess they have the opportunity to make some of those moves without us knowing and that is all right but I would think that developing and building a school is a little different than moving to the Millyard. I guess I would ask my colleagues to think about what we are doing here and make the motion so that 16 acres moves.

Alderman Lopez asked was that an amendment that Alderman Gatsas made.

Mayor Guinta answered no right now the motion on the floor was made by Alderman Garrity.

Alderman Gatsas asked are you saying is that an amendment I made to the motion.

Alderman Lopez answered yes.

Alderman Gatsas stated yes that was a motion I made.

Alderman Shea duly seconded the motion.

Mayor Guinta stated well we already have a motion on the floor.

Alderman Lopez stated well he can amend it.

Mayor Guinta asked how do we do that.

Deputy City Clerk Johnson stated however you want to take them.

Mayor Guinta stated I just want to take the vote is what I would like to do.

Deputy City Clerk Johnson stated it is my understanding that Alderman Gatsas is moving to amend the former motion and the report and sell the entire 16-acre parcel and not hold anything. It was seconded by Alderman Shea.

Mayor Guinta called for a vote. A roll call vote was requested by Alderman Duval.

Aldermen Duval, Pinard, O'Neil, Lopez, Shea, DeVries, Forest, Roy, Gatsas and Long voted yea. Aldermen Osborne, Garrity, and Smith voted nay. The motion carried.

Deputy City Clerk Johnson stated we would now look for a motion to accept the report as amended.

Alderman Roy moved to accept the report as amended. Alderman Duval duly seconded the motion. Mayor Guinta called for a vote. The motion carried with Aldermen Osborne and Smith duly recorded in opposition.

Alderman Shea stated I want to mention that about six years ago we came up with a proposal to extend McDonough School and that proposal indicated that at the McDonough School they could put School Administration there and the children that are currently at Easter Seals could be placed there also. So if the Weston fire station and it does have some support because of the Ward 4 discussion that was held at Derryfield Country Club the other night but if that were eliminated there would be plenty of room to put both the School Administration I believe, which you are paying quite a bit of money for as well as an elementary addition there. So that would probably take some of the burden off of some of the area there. I know that was a proposal that was made and not accepted about six years ago. I don't know if anyone remembers that but obviously to regenerate that is a very good thought and idea and that probably would be worth looking into.

Nominations to be presented by Mayor Guinta.

Board of Adjustment

Brian Desfosses to succeed George McNamara, term to expire March 1, 2009;
Steve Freeman to succeed himself, term to expire March 1, 2009;
Michael Langton to succeed John Jackman as an alternate, term to expire March 1, 2009;
Cynthia Gaffney to succeed herself as an alternate, term to expire March 1, 2009;
William Trombley to succeed Brian Desfosses as an alternate, term to expire March 1, 2007;

Airport Authority

Brian Cashman to succeed himself as the Londonderry representative, term to expire March 1, 2009;
Steve Young to succeed himself as the Londonderry representative, term to expire March 1, 2009.

Alderman Garrity moved to suspend the rules and confirm the nomination of Mr. Freeman.

Alderman Lopez asked can we suspend the rules on Brian Desfosses, Steve Freeman, Michael Langton and Cynthia Gaffney.

Alderman Garrity answered sure I have no problem with that.

Alderman Smith duly seconded the motion.

Mayor Guinta called for a vote on the motion to suspend the rules and confirm the nomination of Brian Desfosses, Steve Freeman, Michael Langton and Cynthia Gaffney to the Zoning Board of Adjustment. There being none opposed, the motion carried.

Aldermanic nomination of Joseph Deselle to succeed himself as a member of the Manchester Transit Authority Commission, term to expire May 2011 submitted by Alderman Forest.

Alderman Forest moved to close nominations. Alderman Shea duly seconded the motion. Mayor Guinta called for a vote. There being none opposed, the motion carried.

Confirmation – Joseph Deselle to MTA Commission

Alderman Forest moved to suspend the rules and confirm the nomination of Joseph Deselle to the MTA Commission, term to expire May 2011. Alderman Shea duly seconded the motion. Mayor Guinta called for a vote. There being none opposed, the motion carried.

On motion of Alderman Gatsas, duly seconded by Alderman Pinard it was voted to recess the meeting to allow the Committee on Finance to meet.

Mayor Guinta called the meeting back to order.

OTHER BUSINESS

A report of the Committee on Finance was presented respectfully recommending, after due and careful consideration, that Appropriating Resolutions:

“A Resolution appropriating to the Manchester Airport Authority the sum of \$52,321,042 from Special Airport Revenue Funds for Fiscal Year 2007.”

“A Resolution appropriating to the Parking Fund the sum of \$6,603,825 from Parking for the Fiscal Year 2007.”

“A Resolution appropriating the sum of \$2,968,193 from Recreation User Charges to the Recreation Division for Fiscal Year 2007.”

“A Resolution appropriating to the Manchester School District the sum of \$143,000,000 for the Fiscal Year 2007.”

“A Resolution appropriating to the Manchester School Food and Nutrition Services Program the sum of \$5,537,900 from School Food and Nutrition Services Revenues for Fiscal Year 2007.”

“A Resolution appropriating the sum of \$16,664,386 from Sewer User Rental Charges to the Environmental Protection Division for Fiscal Year 2007.”

“A Resolution appropriating to the Manchester Transit Authority the sum of \$1,100,000 for the Fiscal Year 2007.”

“A Resolution appropriating to the Central Business Service District the sum of \$244,000 from Central Business Service District Funds for Fiscal Year 2007.”

“Appropriating all Incremental Meals and Rooms Tax Revenue Received by the City in Fiscal Year 2007 and held in the Civic Center Fund, for the payment of the City’s Obligations in Said Fiscal Year Under the Financing Agreement.”

“Raising Monies and Making Appropriations for the Fiscal Year 2007.”

“Approving the Community Improvement Program for 2007, Raising and Appropriating Monies Therefore, and Authorizing Implementation of Said Program.”

be referred to a public hearing to be held on Wednesday, May 3 at 6:30 PM at Memorial High School and further that Resolutions:

“Amending the FY2003 and 2006 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Eighty Thousand Dollars (\$80,000.00) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Eighty Thousand Dollars (\$80,000) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Six Thousand and Four Dollars (\$6,004) from Contingency to Motorized Equipment – Non Departmental Expense.”

ought to pass and be enrolled.

Alderman Roy moved to accept the report of the Committee on Finance. Alderman Pinard duly seconded the motion.

Alderman Gatsas stated I have a quick question on the resolution for the parking fund. Is that based on your consolidation of an enterprise fund, that amount, or is that a standardized amount that we see before us in the budget?

Mayor Guinta replied this I believe would be for the enterprise yes.

Alderman Gatsas asked so that is an estimated revenue number.

Mayor Guinta responded that is based on, if I remember correctly, the projection for FY07.

Alderman Forest stated I know the Clerk reads these real quickly. It sounded like everything was one motion. Shouldn't there be two separate motions? One for the three items and then one for the public hearing?

Deputy City Clerk Johnson responded we gave one report of what the Committee is recommending to the Board and we stated that in the first instance the appropriating resolutions were being referred to a public hearing and in the second instance that the others ought to pass and be enrolled.

Alderman Shea stated I guess for the sake of the new members this comes before us...this obviously is just for informational purposes really because there is certainly going to be a lot of discussion in the future about certain points that have been raised here obviously, both by the general public as well as the Mayor. This isn't...in other words sometimes you think you are voting on this but there is a long process. I know the first time I was on the Board I was a little bit stunned and say wow is this going to happen and it just didn't.

Alderman Lopez stated just to follow-up on Alderman Gatsas' question, the \$6 million that you are referring to is anticipated revenue for FY07 as you said and at the meeting we had last night we were talking about \$4 million. The \$6 million that you are indicating here Kevin are you contemplating an increase in fees?

Mr. Clougherty responded no. As explained last night, if you refer back to the parking study they said if you put in the technology and some of the changes you will expect to see a 30% increase. So that is what that is.

Alderman Gatsas asked Kevin what parking study was that from. I know we have done quite a few parking studies. We did one for the civic center and a couple of others because we had questions about raising rates downtown. Maybe you can bring us a copy of all of the parking

studies that have been done in the last five years because I know that some gentleman is going to come in and talk to us about parking and I want to make sure that whatever his expert opinion is is going to tie into the same expert opinions that we have paid several times for.

Mr. Clougherty answered I can certainly gather them all and make them available to the Board.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

There was no state legislative update available.

Communication from Thomas Bowen, Manchester Water Works Director, seeking authorization to enter into a Use and Occupancy Agreement with the NH Department of Transportation allowing for the installation of a water main within a “limited access” right-of-way.

Alderman Duval moved to approve the request subject to the review and approval of the City Solicitor. Alderman Pinard duly seconded the motion.

Alderman DeVries stated I have a question for Water Works Director, Tom Bowen. If I understand the narrative on this, this is a construction project that is taking place in Bedford I believe. My question is because this is being done for other parties outside the City of Manchester are all of the construction costs for the installation of this water main going to be absorbed by those parties or is a portion of the construction cost going to fall on the rate payers?

Mr. Bowen responded the project is totally funded by the Town of Bedford.

Alderman DeVries asked so there will be no water bill increase as a result of this.

Mr. Bowen answered that is correct.

Mayor Guinta called for a vote on the motion. There being none opposed, the motion carried.

Communication from Barbara Vigneault, Director of the Senior Services Department, requesting \$6,000 be held in contingency in the event such funds are required by the department at year-end to cover an anticipated shortfall in the electrical line item for March through June.

Alderman Lopez moved to refer this communication to the Committee on Finance.

Alderman Shea duly seconded the motion.

Mayor Guinta called for a vote. There being none opposed, the motion carried.

Deputy City Clerk Johnson asked can we just clarify. Is that the Finance Committee or the Finance Department?

Alderman Lopez answered the Finance Department to find the money.

Alderman Gatsas asked what is it for.

Mayor Guinta stated they are anticipating a shortfall in the electric bill I think.

Alderman Lopez stated in their budget for this year.

Alderman Gatsas asked and there is no other line item that they can move it from.

Alderman Lopez responded I can't answer that question but she can. She is just notifying this Board that's all.

Resolutions:

“Amending the FY2003 and 2006 Community Improvement Program, transferring, authorizing and appropriating funds in the amount of Eighty Thousand Dollars (\$80,000.00) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Eighty Thousand Dollars (\$80,000) for the 2006 CIP 713206 Street Reconstruction – S. Willow Street Project.”

“Authorizing the Finance Officer to effect a transfer of Six Thousand and Four Dollars (\$6,004) from Contingency to Motorized Equipment – Non Departmental Expense.”

On motion of Alderman Roy, duly seconded by Alderman Shea it was voted to dispense with the reading by titles only.

On motion of Alderman Garrity, duly seconded by Alderman Lopez it was voted that the Resolutions pass and be enrolled.

TABLED ITEM

- 13.** Report of the Committee on Public Safety and Traffic recommending that the following question:

“Are you in favor of requiring that all drivers in the State of New Hampshire carry motor vehicle liability insurance.”

be forward to the voters as a non-binding referendum question at the November 7, 2006 General Election.

(Unanimous vote)

(Tabled 03/03/2006 pending further discussion with the State of NH Insurance Department. Enclosed is a copy of a communication from the NH Department of Safety advising the Insurance Department is the proper agency to address this matter.)

This item remained on the table.

14. NEW BUSINESS

Alderman Gatsas stated in watching the meeting last night on the Committee on Administration I found it curious during the process of watching that meeting there was a comment that was made by Mr. Hoben of the Traffic Department about theft of money from the Verizon Center. He directed that comment to somebody who was sitting on this side of the room. I was just very curious and I don't notice him here and I think they left but there needs to be some sort of question asked of what that means because it left a very big...I was shocked that people on the Committee that were sitting here didn't ask the next follow-up question of what he meant by that. I guess that was a...I would ask the City Solicitor or the City Clerk to ask for some sort of clarification on what that statement meant.

Alderman Forest responded I sat on that Committee last night. I don't recall Mr. Hoben making that comment. Maybe the Clerk can refer to the minutes of the meeting.

Alderman Gatsas asked do you want to wait until she does it now.

Alderman Forest answered if she can do it fine but I am telling you I didn't not hear that comment last night. If I did, I would have asked him or Alderman O'Neil would have asked him. I don't think any of us heard that comment last night.

Mayor Guinta stated if we could refer the minutes to the City Solicitor for him to follow-up and get a detailed explanation.

Alderman Lopez stated during the budget process here some of the questions that have come up from some of the department heads and I am not going to go into detail as to who but who should they refer their questions about the budget or if an Alderman has a question who should they talk to. You directly or one of your staff people or Randy Sherman?

Mayor Guinta responded it would be directed to me.

Alderman Lopez asked so any item on there.

Mayor Guinta answered yes.

Alderman Lopez stated people are being referred to Randy Sherman and I just want to clear that up so now we know that any questions in reference to the budget should be referred to you.

Mayor Guinta responded yes any question on the budget and I did issue an e-mail to every department head in the City on Friday last week asking that any questions the department heads had should be directed to me and that I would also have follow-up meetings with any department head. So every department head has an opportunity to e-mail me as I have already asked on Friday and subsequent to that I will have a meeting with any department head in the City to review any comments, questions or concerns of any aspect of the budget and I will go over it line by line with the. That communication went out from myself to every department head on Friday morning.

Alderman Lopez stated I just brought it up because I know you are very busy being Mayor and sometimes people might have to wait a day or so in order to get an answer to a question. Is there any documentation in reference to anything?

Mayor Guinta responded yes it is being completed. I know I mentioned that I would have it to you early in the week. We will have it for this Board and the department heads this week.

Alderman Lopez replied that would help very much. Thank you.

Alderman Duval stated I was surprised to learn in the paper this morning with regard to the possible name change to the City of Manchester airport. Before the process gets too far along, my own personal opinion is that I would like to discourage even consideration of it to be honest with you. If the Board is so inclined to state their opinion publicly on the matter...I don't know how far along it is but I would hate to see an expenditure of time and resources if this Board is not inclined to change the name of the Manchester Airport.

Mayor Guinta responded why I don't have Kevin Dillon quickly come up and put this issue to rest.

Kevin Dillon, Airport Director, stated I will just quickly say that I think unfortunately the media has played this up to be far more than it is. Certainly there are considerations that the Airport has given to this. I think in my role as Airport Director I need to constantly look at the competitive position of the Airport but I can tell you there is no active initiative at this point to move forward with a name change. In the future, the Airport may approach the Board if we feel it is appropriate for various marketing positions. I think what the Board needs to understand and I don't want to take a lot of time with this is 65% of the people that use the Airport come from outside of NH and what we are starting to find is the folks that live in California or Phoenix really don't have a good geographic representation of where the

airport is located. A big part of the funding that comes to the Airport, our revenue, is derived from inbound passengers so it is very important that we fortify that market particularly as the dynamics of service patterns change in New England and new carriers are entering the market at other airports that serve the passengers that we are looking to attract as well. I do think it is something that the Airport needs to stay on top of it. I don't think that it was ever meant to be an attempt to change the name of Manchester Airport. It was always going to be Manchester Airport but similar to other airports in the country like Baltimore-Washington, Akron-Canton, Dallas-Forth Worth, Ft. Lauderdale-Hollywood that have found the need to put additional geographic representations in their name so that people across the country know where the airport is and I guess I would ask the Board here as an east coast resident if I were to ask you do you know where Ontario Airport and Long Beach Airport are in relation to LAX Airport I don't think anybody on this Board could tell me where they are located. Well the same things exists for folks that live in Phoenix and out in California. They can't tell where Manchester and Providence Airport are in relation to Boston so that is why we have considered it but there is no active initiative at this point and if we were to move forward certainly the Airport would approach the Board for permission.

Alderman DeVries stated I think my only comment at this point in time is that the recent suggestion I think out of our downtown study was that we change our terminology to something like Manchester International so you are telling us that we don't have an international reputation. I don't think we cared for the Manchester International and I am not sure that I care for another reason being added on to the Manchester Airport. That is for another day. I am sure you will have plenty of percentages of the business that you are losing to document this.

Alderman Roy stated I think you do a great job marketing Kevin and I do like the idea of Manchester Airport. If I was to fly in going to Boston and end up in Manchester when I thought I was going to a direct suburb I think I would be a little upset but that being said could you forward to this Board if you have a marketing list of where you market to, what dollars are spent out of the Airport...I know you do considerable marketing. Could you forward that to us so we can see where the dollars are being spent and what would happen? Is that easy?

Mr. Dillon responded yes I can do that.

Alderman Gatsas stated Kevin I have a few quick questions and I guess I look at him and he can correct me if I am wrong but I think 90% of the travel that is done today or booked is usually based on somebody sitting on a computer in their home and when they ask for a destination they put in three call letters. So if we think we are going to get a diversion from where we are at to understand that the proximity to Boston is an hours drive because we put in MBT or MBI, which is Manchester Boston International Airport that is not going to get them any closer to a proximity of where we are at. So correct me if I am wrong because

somebody sits at the computer and is no longer talking to an agent on the other side that says I am really looking to fly into Boston is there anything that I can get into that is quicker.

Mr. Dillon responded what we are looking to do if we were to move forward with an initiative is to insure that if somebody plugged in Boston to the computer that Manchester and in the case of Providence that Providence would also show. That is not the case today. Airlines cannot legitimately list it that way if they are not serving an airport that has Boston in its name. So people don't plug in MHT or BOS. They plug in a city name and again I will point to the guy in Albuquerque who wants to attend a wedding in Boston knows about Southwest Airlines, goes to the Southwest site, looks up Boston and nothing comes up. So then he chooses to look for another airline or chooses to go directly to a Boston website. That is what we are trying to deal with.

Alderman Shea stated you were taking a couple of blows from the Boston channel today Kevin. They were working you over a bit but my concern is more about the bankruptcy of Delta rather than the name change. Are we going to suffer any consequences as a result of their bankruptcy? You don't have to prolong the discussion but I am just wondering.

Mr. Dillon responded Delta represents about 7% of the activity at the Airport. Certainly there are other carriers that would fill the void if Delta went on strike. I think it is a strike that you are really referring to that is potentially imminent. I think the Board should be aware that there are considerable changes in the aviation environment across the country and even though we ended last year up 8% in passenger traffic, we lost 20% of available seats at the Airport. What you are starting to see at the Airport now, in the past two months we have had negative passenger numbers. All the more important in terms of as we look across at the national market to make sure that we stay on top and sustain our competitive advantage. We have done a great job in New England. People know about Manchester Airport. Our sister Airport to the south, Providence, they know about Providence but there is 50% of the market that is at stake. We want to make sure that we can maintain that keeping in mind that we have already lost 20%. That is one out of five seats that we had last year we do not have this year. That is significant.

Alderman Shea stated I was reading an article where there are a lot of amenities that are being removed from the airlines in terms of people having comfort and also charging them money for blankets and other kinds of things that they weren't charged for before. I think it is very competitive and you know better than I how competitive it really is becoming.

Alderman O'Neil stated Alderman Shea hit the nail on the head. This is all about trying to keep an edge. Kevin is not only in competition with Boston but Portland is trying to strengthen their position and it is all about staying competitive and giving that edge. To be honest with you, the average Joe on the street doesn't care if it is named Manchester Airport

or the Kevin Dillon Airport as long as flights are available and they are getting the cheapest rate.

Alderman Gatsas asked did Alderman Forest leave or is he here. I wanted the Clerk...

Mayor Guinta interjected he left.

Alderman Gatsas stated I wanted the Clerk to read the verbiage that I heard at home. Can you read it for me please so this Board can at least understand?

Deputy City Clerk Johnson responded we are on page 54 of those minutes and I am not sure that the entire conversation is here but we are right at that section. The last comment that was made was “you, yourself, Alderman know that there is some theft going on near the civic arena. I know you informed us of it. We never really found out what happened.” I am presuming that that is the portion of the conversation that Alderman Gatsas is referring to.

Alderman Gatsas replied that is the portion that I heard.

Deputy City Clerk Johnson stated perhaps we can ask Mr. Hoben to provide some information.

Mayor Guinta stated we can send that to the City Solicitor’s Office.

There being no further business, on motion of Alderman Smith, duly seconded by Alderman DeVries it was voted to adjourn.

A True Record. Attest.

City Clerk